

## CITY OF ALAMEDA

### Memorandum

To: Honorable Mayor and  
Members of the City Council

From: John A. Russo  
City Manager



Date: December 20, 2011

Re: Introduce an Ordinance to Amend the Alameda Municipal Code by Amending Subsection 3-28.9 (Payment In-Lieu of Taxes, PILOT) of Section 3-28 (Payment of Taxes) of Chapter III (Finance and Taxation) to Exempt the Golf Fund from the Payment In-Lieu of Taxes and Adopt a Resolution to Cease the Transfer of the Surcharge from the Golf Enterprise Fund to the General Fund

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### BACKGROUND

Payments in-lieu of taxes (PILOT) are intended to compensate a local government for some or all of the tax revenue that it loses because of the nature of the ownership or use of a particular piece of real property. In 1993, the City Council established the PILOT to compensate the General Fund for foregone property tax revenues from the City's various Enterprise Funds. In FY10-11, the Golf Enterprise Fund contributed \$202,224 to the City's General Fund through the PILOT.

The golf surcharge, which is an additional payment on certain golf greens fee, was established in 1991 and subsequently raised several times. In FY10-11, the Golf Enterprise Fund contributed \$95,889 to the City's General Fund through the transfer of the surcharge.

Cost allocation is the City's method for cost recovery of services provided by departments, but not directly billed, such as finance, legal services, and general government services. For FY10-11, the Golf Enterprise Fund contributed \$276,804 to the City's General Fund and \$42,840 to its Internal Service Funds through the application of cost allocation.

### DISCUSSION

The City's FY11-12 operating budget, which the City Council adopted in June 2011, included six months' worth of transfers from the Golf Enterprise Fund to the City's General Fund, at a cost to the Golf Enterprise Fund of approximately \$290,000. Those transfers include the PILOT, the surcharge, and cost allocation. As described at the June and October 2011 budget workshops, the City will cease transferring the PILOT, golf surcharge, and cost allocation monies from the Golf Enterprise Fund to the City's

General Fund, effective January 1, 2011. Together, these three transfers accounted for \$290,000 in General Fund revenues in FY11-12. Because the PILOT transfer is codified in the Alameda Municipal Code, the City Council must adopt an ordinance in order to cease this transfer. The golf surcharge was originally implemented via City Council motion, so a Resolution is sufficient to stop this transfer. The General Fund cost allocation transfer can be eliminated administratively.

The City will continue to transfer funds for the Maintenance Assessment District (\$13,120 in FY11-12), Capital Improvement Project Administration (\$15,000 in FY11-12) and debt service on certificates of participation for golf course improvements (\$ 129,710 in FY11-12).

#### FINANCIAL IMPACT

The City's adopted budget for FY11-12 includes only six months' worth of transfers, so there will be no additional impact to the General Fund from stopping the transfer of the PILOT, golf surcharge, and cost allocation.

#### MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

The Alameda Municipal Code is modified by amending Subsection 3-28.9 (Payment In-Lieu of Taxes, PILOT) of Section 3-28 (Payment of Taxes) of Chapter III (Finance and Taxation).

#### RECOMMENDATION

Introduce an Ordinance to amend the Alameda Municipal Code by amending Subsection 3-28.9 (Payment In-Lieu of Taxes, PILOT) of Section 3-28 (Payment of Taxes) of Chapter III (Finance and Taxation) to exempt the Golf Enterprise Fund from the payment in-lieu of taxes and adopt a Resolution to cease the transfer of the surcharge from the Golf Enterprise Fund to the General Fund.

Respectfully submitted,



Lisa Goldman  
Assistant City Manager

Approved as to funds and account,



Fred Marsh  
Controller

CITY OF ALAMEDA RESOLUTION NO. \_\_\_\_\_

CEASING THE TRANSFER OF THE SURCHARGE FROM THE GOLF  
ENTERPRISE FUND TO THE GENERAL FUND

WHEREAS, the golf surcharge is an additional payment on certain golf greens fees; and

WHEREAS, the golf surcharge was first established in 1991 and was subsequently raised several times; and

WHEREAS, the golf surcharge is currently transferred from the Golf Enterprise Fund to the City's General Fund to be used for general City purposes; and

WHEREAS, the City's adopted Fiscal Year 2011-2012 budget includes no transfers of the golf surcharge from the Golf Enterprise Fund to the General Fund after December 31, 2011; and

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Alameda directs City staff to cease transferring the golf surcharge monies from the Golf Enterprise Fund to the City's General Fund, effective January 1, 2012.

\* \* \* \* \*

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the 20th day of December, 2011, by the following vote to wit:

AYES

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the seal of said City this 21st day of December, 2011.

\_\_\_\_\_  
Lara Weisiger, City Clerk  
City of Alameda

**Resolution #5-K CC  
12-20-11**

Approved as to Form

City Attorney

CITY OF ALAMEDA ORDINANCE No. \_\_\_\_\_  
New Series

AMENDING THE ALAMEDA MUNICIPAL CODE BY AMENDING  
SUBSECTION 3-28.9 (PAYMENT IN-LIEU OF TAXES) OF  
SECTION 3-28 (PAYMENT OF TAXES) OF CHAPTER III  
(FINANCE AND TAXATION) TO EXEMPT THE GOLF  
ENTERPRISE FUND FROM THE PAYMENT IN-LIEU OF TAXES

BE IT ORDAINED by the Council of the City of Alameda that:

Section 1. The Alameda Municipal Code is hereby amended by amending Subsection 3-28.9 (Payment In-Lieu of Taxes) of Section 3-28 (Payment of Taxes) of Chapter III (Finance and Taxation) to read as follows:

City Enterprise Funds shall annually pay one (1%) percent of fixed assets in lieu of taxes. The basis for the tax shall be the value of fixed assets at June 30th of the preceding year for the sewer fund and, for all other enterprise funds, the value of fixed assets as of June 30, 1993 adjusted annually for inflation since that date in the amount of the lesser of two (2%) percent or the increase in the Consumer Price Index for All Urban Consumers for the San Francisco Bay Area published by the Bureau of Labor Statistics of the United States Department of Labor or any successor to that index.

Effective January 1, 2012, the Golf Fund shall be entirely exempt from the Payment In-Lieu of Taxes.

Section 2. If any section, subsection, sentence, clause or phrase of this ordinance is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this ordinance. The City Council of the City of Alameda hereby declares that it would have passed this ordinance, and each section, subsection, sentence, clause, or phrase hereof, irrespective of the fact that anyone or more sections, subsections sentences, clauses or phrases hereof be declared invalid or unconstitutional.

Section 3. To the extent the provisions of the Alameda Municipal Code as amended by this ordinance are substantially the same as the provisions of that Code in effect prior to the adoption of this ordinance, those provisions shall be construed as continuations of those prior provisions and not as new enactments.

Section 4. This ordinance shall be in full force and effect from and after the expiration of thirty (30) days from the date of its final passage as provided in Section 3-12 of the Charter of the City of Alameda.

\_\_\_\_\_  
Presiding Officer of the City Council

Attest:

\_\_\_\_\_  
Lara Weisiger, City Clerk  
City of Alameda

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I, the undersigned, hereby certify that the foregoing Ordinance was duly and regularly adopted and passed by Council of the City of Alameda in regular meeting assembled on the \_\_\_\_\_ day of \_\_\_\_\_, 2011, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of said City this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Lara Weisiger, City Clerk  
City of Alameda